

Melbourne CBD



Net absorption declined over 3Q17 to 5,700 sqm. Yet remained positive for the 14th consecutive quarter. In context, the long term, 10-year quarterly average for net absorption is 19,400 sqm.



There were no completions in the Melbourne CBD office market over 3Q17. Nine projects are currently under construction (355,900 sqm) and a further four have plans approved.

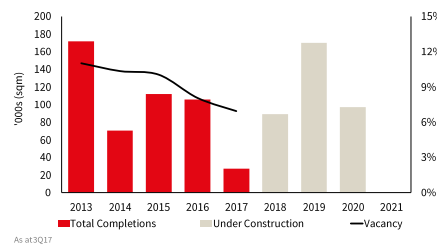


Capital investments continued to play out between international and domestic firms. The landmark transaction for the quarter was the AUD 114.5 million sale of the Melbourne Water Building, 990 La Trobe Street, Docklands.



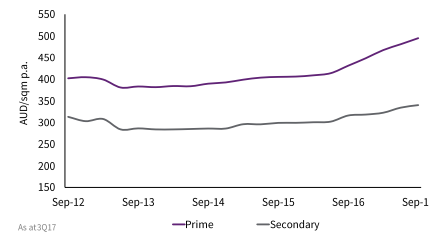
Prime and secondary net effective rents continued to grow over 3Q17. Prime rents recorded a 2.9% increase to AUD 495 psm p.a., while secondary rents increased by 1.8% q-o-q to AUD 340 psm per annum.

Melbourne CBD Market Balance



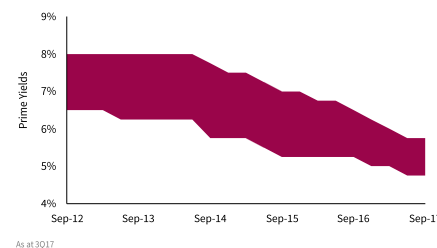
Source: JLL Research

Melbourne CBD Average Gross Effective Rents



Source: JLL Research

Melbourne CBD Prime Yield Range



Source: JLL Research

6.9%

Vacancy:

Headline vacancy decreased by 6.7 (pps) to 6.9%. Prime vacancy increased by 0.2 pps to 6.7% and secondary vacancy declined by 0.6 pps to 7.4%.

5,700 sqm

Net absorption:

Contractions and relocations largely contributed to the decline in net absorption levels over 3Q17 (5,700 sqm). YTD net absorption totalled 100,900 sqm.

355,900 sqm

Construction:

There were no new additions to supply over 3Q17, however 355,900 sqm is currently under construction across nine developments.

4.75%-5.75%

Yields:

Prime grade yields remained stable over the quarter (4.75%-5.75%), while secondary yields compressed by 13 bps on the lower end (5.25%-6.25%).